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IN THE

Supreme Court of the United States

October Term, 1961

No. [redacted] 181

LAKELAND GROCERY CORPORATION,
a corporation,
Petitioner,

v.

FOOD FAIR STORES, INC.,
a corporation,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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Lakeland Grocery Corporation respectfully prays that a writ of certiorari be issued to review a decree of the United States Court of Appeals for the Fourth Circuit entered March 22, 1962, hereinafter described.

OPINIONS BELOW

The opinion of the Court of Appeals is reported in 301 F. 2d 156, and a copy is reprinted in Appendix A.

The opinion of the District Judge is not reported. The opinion is copied in Appendix B.

JURISDICTION

The decree of the Court of Appeals, dated March 22, 1962, reversed the decree of the United States District Court for the Eastern District of Virginia awarding an injunction against the Respondent, and remanded the case to the District Court with directions to award an injunction against the Petitioner. By an order entered April 20, 1962, it was ordered that the mandate of the Court of Appeals be stayed provided application for a writ of certiorari be filed in the Supreme Court within the time provided by law. The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

QUESTIONS PRESENTED

The questions presented are as follows:

1. Whether on appeal, in a case tried in a district court upon the facts without a jury, a court of appeals may make an original finding of fact, and based on such finding reverse the decision of the trial court, without complying or requiring compliance with Rule 52 (a) of the Rules of Civil Procedure, that in all such cases the trial court shall find the facts specially and state separately its conclusions of law thereon.

2. Whether a court of appeals is justified in reversing the decision of the trial court based on conclusions of fact made by the appellate court, solely on its view of the evidence, without finding that the conclusions of fact made by the trial judge were clearly erroneous, and without giving proper regard to the opportunity of the trial judge to judge the credibility of the witness, as required by Rule 52(a) of the Rules of Civil Procedure.

3. Whether a corporation engaged in operating a chain of retail grocery stores in widely separated localities in the United States, the nearest being in the City of Baltimore, State of Maryland, is entitled to enjoin a corporation subsequently using the identical name in the City of Norfolk, State of Virginia, notwithstanding and without disturbing the finding of fact by the trial judge, upon which in part it based its judgment for the Petitioner, that at the time Petitioner's store was opened in the City of Norfolk there were other retail grocery stores not owned by the Respondent, using the identical name in scattered localities over the United States, some of them in the State of Virginia, and that, in addition, one of them, operating stores in the District of Columbia under that name, had successfully enjoined the use of such name by the Respondent in the District of Columbia and its environs, and in the complete absence of any evidence to support a finding of fact by the Court of Appeals (not made by the trial court) that the Petitioner had deliberately copied Respondent's name and signs, upon which the Court of Appeals based its decision to reverse the decision of the trial court.

4. Whether a corporation operating a chain of retail grocery stores, its nearest store to the City of Norfolk being located in Baltimore, Maryland, with knowledge that another was using the identical name in the City of Norfolk to designate a simliar store, may wait five years, in the meantime conducting negotiations with the Norfolk user to purchase its business, thereby obtaining special knowledge of the condition of such business, and then decide to open similar stores in the City of Norfolk, under the identical name, and using identical signs, and be entitled to restrain the first user in the City of Norfolk, the Norfolk user in the meantime having devoted five years to building up its business, and having spent $250,000.00

in advertising, and in the face of the finding of fact by the trial judge, that thereby the one had sought to capitalize on the advertising and good will of the other.

STATEMENT OF THE CASE

On May 14, 1953, Petitioner, Lakeland Grocery Corporation (hereinafter referred to as "Lakeland"), opened a retail grocery store in the City of Norfolk, State of Virginia, of the type commonly known as a SUPER-MARKET, under the name "Food Fair". Shortly after the store was opened Lakeland received from the Respondent, Food Fair Stores, Inc., (hereinafter referred to as "Food Fair"), a letter stating that Food Fair was entitled to the exclusive use of the name, and threatening legal action unless Lakeland discontinued its use. Lakeland ignored this letter and continued to operate its business for approximately five years, spending $250,000.00 in advertising, and during this period there were negotiations between the parties (not consummated), looking to a purchase by Food Fair of Lakeland's store.

On January 13, 1958, Food Fair instituted this action in the United States District Court for the Eastern District of Virginia, claiming unfair competition and praying for an injunction, jurisdiction being based on diversity of citizenship. At or about the same time it opened a retail store for the sale of groceries in the City of Norfolk, using the identical name and identical signs then being used by Lakeland, and thereafter opened additional stores in Norfolk, using the same name and the same type of signs. In the five years preceding the institution of the action Lakeland had expended $250,000.00 in advertising its business and as a result of this, and of the good will it had established, had built up a large trade.

Lakeland filed a counterclaim asserting that it was entitled to the exclusive use of the name "Food Fair" within the City of Norfolk and the surrounding area, by reason of the fact that the name had acquired a secondary meaning within this area denoting Lakeland's business, and, in addition, that Food Fair was estopped to maintain the action, and prayed for an injunction against Food Fair.

Food Fair's complaint included a trademark claim, but this claim was abandoned, and when the case was tried the sole question considered by the trial court was the question of unfair competition. The case was heard by the Judge, without the intervention of a jury, advisory or otherwise, in accordance with the established equity practice, and the trial judge filed an opinion in which he combined his findings of fact and conclusions of law, as permitted by Rule 52(a). He made an additional finding of fact of stores not owned by Food Fair but using that name in 1953, copied in Appendix C. Also copied in Appendix C is a tabulation compiled by Food Fair, in response to an interrogatory, of other retail grocery stores, not owned by Food Fair, using that name on May 14, 1953, to which it had addressed letters similar to the one received by Lakeland.

At the outset of his opinion the trial judge stated that "The ultimate issue for determination is whether the Norfolk-Portsmouth area was, as of May 14, 1953, within plaintiff's (Food Fair's) reasonably probable normal area of expansion. If so, plaintiff is entitled to an injunction. If not, the defendant, Lakeland, must prevail and would be awarded injunctive relief."

The findings of fact by the trial judge may be summarized as follows: When Lakeland opened its store in the City of Norfolk, on May 14, 1953, Food Fair was a

small chain operating retail grocery stores in scattered localities in the United States. Its closest store to the City of Norfolk, operated under the name "Food Fair", was located in Baltimore, Maryland; it operated stores in the State of Virginia, in the vicinity of Washington, D.C., under the name "Food Lane", as a result of an injunction against it obtained by a rival chain, operating in the District of Columbia also using the name "Food Fair" (see *Food Fair Stores, Inc.* v. *Square Deal Market Co., Inc.*, C.A.D.C. 206 F. (2d) 482); that other retail grocery stores, not owned by Food Fair, were conducting business under the name "Food Fair", within the State of Virginia and at locations throughout the United States.

The trial judge found that Food Fair had failed to meet the burden of proof resting on it, in that it failed to establish "that the name FOOD FAIR had, as of May 14, 1953, acquired a secondary meaning in the Norfolk-Portsmouth area among purchasers or customers generally dealing with grocery stores and supermarkets", and further found that as of this date the Norfolk-Portsmouth area was not within Food Fair's zone of probable expansion, in passing on which it said that "as of May 14, 1953, plaintiff enjoyed a mere 'hope of expansion' into the Norfolk area consistent with its financial progress justifying the same."

The trial judge further found that "In 1946 plaintiff opened a store in Alexandria using the name FOOD LANE"; and that "No other store in Virginia operated by plaintiff under the name FOOD FAIR was opened until January, 1958, which was, as noted, the Norfolk store."

Based on these findings of fact the trial judge applied the principle laid down by the Supreme Court of the United States in *Hanover Star Milling Co.* v. *Metcalf*, 240

U. S. 403, and *United Drug Co.* v. *Theodore Rectanus Co.*, 240 U. S. 90, adopted and followed by the Supreme Court of Appeals of Virginia in *Rosso and Mastracco* v. *Giant Food*, 200 Va 159, 104 S.E. (2d) 776, 150 A. L. R. 1079, denied Food Fair an injunction, and awarded an injunction to Lakeland.

Food Fair appealed to the United States Court of Appeals for the Fourth Circuit. The Court of Appeals reversed the decision of the trial court, and directed that the case be remanded and an injunction issue against Lakeland. The Appellate Court took no issue with the principles of law applied by the trial court, but held that these principles should not be strictly applied based on its finding of fact that Lakeland had "deliberately and knowingly appropriated the plaintiff's name for its own business and actually imitated the character and style of the signs by which the plaintiff's business was made known to the public." *No such finding was made by the trial judge.*

The Court of Appeals, in no instance, ruled that the findings of fact upon which the District Court based its conclusions of law were "clearly erroneous." It contented itself with reaching different conclusions on the basis of which it reconciled its decision with the cases above referred to, establishing the governing principles of law. It first dealt with the finding of the trial court "that the plaintiff had not established either that its name had acquired a secondary meaning in the area indicating the business operated by the plaintiff or that at the time that the defendant opened its store the area was within the region into which the trade of the plaintiff might reasonably be expected to extend in the natural expansion of its business". It stated that it reached a different conclusion.

without finding that the conclusion reached by the trial court was "clearly erroneous" (Appendix A, Page 10).

The approach of the Court of Appeals in deciding the issues of fact appears in the following passage from its opinion (Appendix A, Page 13-14):

> "In the instant case we do not have to pass on the relevant weight of the testimony as to the elements which enter into the problem. The existence of all of the necessary elements at the time of the infringement were proved by substantial evidence. It was shown that the plaintiff's business and trade name were known to a substantial number of persons in the Norfolk-Portsmouth area and that the probability of an expansion of the plaintiff's business into the area existed and that the defendant deliberately and knowingly appropriated the paintiff's name for its own business and actually imitated the character and style of the signs by which the plaintiff's business was made known to the public. Under this combination of circumstances we reach the conclusion that the plaintiff's name was entitled to protection and that the defendant should be enjoined from the use of it in the future.

REASONS FOR GRANTING THE WRIT

The basic question presented involves the division of functions between district courts as triers of fact, and the courts of appeal in reviewing conclusions of fact reached by the trial courts, as formulated by Rule 52(a) of the Rules of Civil Procedure. It is respectfully urged that in this case the Court of Appeals *ex mero motu*, has raised and decided an issue of fact, and predicated on its finding, reversed the trial court, and in addition has decided questions of fact contrary to findings of fact by the trial court, based on its independent conclusions from

the evidence, instead of confining itself to reviewing the findings of fact by the trial judge, in conformity with the requirement of Rule 52(a), that "*Findings of fact shall not be set aside unless clearly erroneous and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses.*" As a result of this failure to observe the restrictions imposed by the Rule, the Petitioner has been deprived of a fair trial, and its chief executive and principle proprietor has had his character blackened by the finding by the Court of Appeals that Petitioner "*deliberately and knowingly appropriated the plaintiff's name for its own business and actually imitated the character and style of the signs by which the plaintiff's business was made known to the public*" (see opinion, Appendix A, page 13-14).

Predicated on this finding the Court of Appeals held that the principles applicable in cases of unfair competition, as established by the leading cases above referred to, should not govern the decision of the instant case.

The trial court made no such finding, its sole reference bearing on the subject being the statement in its opinion that "Lakeland's President, Harold Eisenberg, testified that he was well aware of the name FOOD FAIR and plaintiff's chain of supermarkets at the time Lakeland opened its food store on May 14, 1953, although he insists that the name FAIR was suggested by the name FURNITURE FAIR adopted by a store a short distance away from Lakeland's supermarket" (Appendix B. Page 18-19). Further in the opinion, referring to the signs used by Lakeland, the trial court said: "Not overlooked is the fact that Lakeland has adopted a style and size of lettering on its signs which is substantially identical to plaintiff's signs as they existed in 1953. *On the other hand it should be*

observed that the lettering is of standard block design. If this design or size of the sign had any meaning in this area in 1953 it could, of course, be construed as an effort to do some act inimical to plaintiff's interest for the purpose of obtaining the benefit of the reputation of plaintiff's goods, or to forestall the extension of plaintiff's trade, but such does not exist in the present controversy." (Appendix B, Page 27-28). Italics added.) Overlooked by the Court of Appeals was the fact that no inference could be drawn (assuming that Harold Eisenberg's testimony should be disbelieved) that Lakeland copied Food Fair's name rather than the name of its competitor in the District of Columbia, nearer to the City of Norfolk by forty miles and located in the Nation's Capital, a much more likely choice.

In the preparation for appeal it did not occur to counsel for Petitioner that the issue which ultimately proved decisive was lurking in the background of the case, and when counsel in the midst of argument was interrupted by a question from the Bench indicating disbelief in the story told by Petitioner's main witness explaining how the name was selected by him, the result was disconcerting to say the least. Subsequent questions from the Bench as the argument proceeded indicated preoccupation with this point and little interest in the questions which counsel had briefed and were attempting to argue. There was an adequate answer to the question which occupied the Court, but no time for the reflection needed to produce the answer. Another indication of a failure of the Court of Appeals to have an adequate factual background for drawing conclusions of fact is the overlooking of the nature of the retail grocery business, and the apparent failure to realize that the business of a retail grocery store is strictly local. How could it possibly be assumed that a

retail grocery store in Norfolk is in actual competition with a similar store in Baltimore, an assumption implicit in the argument used by the Court of Appeals to sustain its conclusion.

The remarks of Mr. Justice Jackson in delivering the opinion of the Court in *United States* v. *Yellow Cab Co.*, 338 U.S. 338, are particularly appropriate here (beginning on page 340):

> "These were the chief fact issues in a trial of three weeks' duration. The Government relied in large part on inferences from its 485 exhibits, introduced by nine witnesses. The defendants relied heavily on oral testimony to contradict those inferences. The record is before us in 1,674 closely-printed pages.
>
> "The Government suggests that the opinion of the trial court 'seems to reflect uncritical acceptance of defendants' evidence and of defendants' views as to the facts to be given consideration in passing upon the legal issues before the court.' We see that it did indeed accept defendants' evidence and sustained defendants' view of the facts. But we are unable to discover the slighest justification for the accusation that it did so 'uncritically.' Also, it rejected the inferences the Government drew from its documents, but we find no justification for the statement that it 'ignored' them. The judgment below is supported by an opinion, prepared with obvious care, which analyzes the evidence and shows the reasons for the findings. To us it appears to represent the considered judgment of an able trial judge, after patient hearing, that the Government's evidence fell short of its allegation — a not uncommon form of litigation casualty, from which the Government is no more immune than others.

Only last term we accepted the view then advanced by the Government that for triers of fact totally to reject an opposed view impeaches neither their impartiality nor the propriety of their conclusions. We said, 'We are constrained to reject the court's conclusion that an objective finder of fact could not resolve all factual conflicts arising in a legal proceeding in favor of one litigant. The ordinary lawsuit, civil or criminal, normally depends for its resolution on which version of the facts in dispute is accepted by the trier of fact . . .' Labor Board v. Pittsburgh Steamship Co., 337 U.S. 656, 659.

"Rule 52, Federal Rules of Civil Procedure, provides among other things:

> "'Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witness.'"

"Findings as to the design, motive and intent with which men act depend peculiarly upon the credit given to witnesses by those who see and hear them. If defendants' witnesses spoke the truth, the findings are admittedly justified. The trial court listened to and observed the officers who had made the records from which the Government would draw an inference of guilt and concluded that they bear a different meaning from that for which the Government contends.

"It ough to be unnecessary to say that Rule 52 applies to appeals by the Government as well as to those by other litigants. There is no exception which permits it, even in an antitrust case, to come to this Court for what virtually amounts to a trial de novo on the record of such findings as intent, motive and design. While, of course, it would be our duty to correct clear error, even in findings of fact, the Government has failed to establish any greater

grievance here than it might have in any case where the evidence would support a conclusion either way but where the trial court has decided it to weigh more heavily for the defendants. Such a choice between two permissible views of the weight of evidence is not clearly erroneous.

LACHES AND ESTOPPEL

An important question urged in argument before the trial court was whether or not the Respondent was estopped by its inaction for a period of nearly five years after writing a letter of protest when the Petitioner opened its store in Norfolk in 1953. The record shows that in 1956 Food Fair inquired of Lakeland what it would take for its business. It received a prompt reply, but nothing further happened until the institution of this action in 1958, when it reopened negotiations which proceeded to the point of drafting several contracts which were never consummated. Mr. Marcus, chief witness for the Respondent, stated that Food Fair had no interest in the fact that a rival retail grocery concern was operating in Norfolk under the name "Food Fair", unless it grew to substantial proportions. In other words, the Respondent was content to stand by and permit Lakeland to expend in excess of $250,000. in advertising, and to devote nearly five years of intensive efforts in building up good will before asserting in a legal proceeding the right to exclusive use of the name. An important case discussing this phase of the doctrine relating to unfair competition, cited with other authority to the trial court, and elaborated in the brief filed with the Court of Appeals, is *Anheuser-Busch*, v. *DuBois Brewing Co.*, 175 F. 2d 370, C.C.A. 3rd, 1949, which involved a controversy between brewers over the right to the use of the name "Budweiser" as a trade-mark for beer. It was

held in this case, in which the authorities are extensively reviewed, that the originator of the name was estopped to claim the right to exclusive use where it stood by and permitted the second user to build up a business in another locality, under the same name, it appearing that the second user did not have the fraudulent intent of profiting from the other's good will. In this case the plaintiff had instituted action to restrain the use which it later discontinued. After a lapse of some years it brought a second action. In holding that the plaintiff was estopped by its laches the Court said this, on page 375 of the opinion:

> "In Proctor & Gamble Co. v. J. L. Prescott Co., 3 Cir., 1939, 102 F. 2d 773, at page 781, certiorari denied, J. L. Prescott Co. v. Proctor & Gamble Co., 308 U.S. 557, 60 S. Ct. 80, 84 L. Ed. 468, this court expressly approved of a statement in Valvoline Oil Co. v. Havoline Oil Co., D.C.S.D. N.Y. 1913, 211 F. 189, 195, which we deem particularly apropos to the case at bar: 'But it cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of right, to wait to see how successful his competitor will be and then destroy with the aid of a court decree, much that the competitor has striven for and accomplished—especially in a case where the most that can be said is that the trademark infringement is a genuinely debatable question.' This same principle was recognized by the Supreme Court of Pennsylvania in Consolidated Home Specialities Co. v. Plotkin, 1947, 358 Pa. 14, 30, 55 A. 2d 404, 412, when it said, 'If the owner of a tradename acquiesces so long in the use of that name or in a name strikingly similar thereto that the public has in general become aware of the other's appropriation of that name, and is therefore not deceived, such owner may in a proper case be treated as having abandoned his one-time property right in that name.' See also Prince's Metallic Paint Co. v. Prince Mfg. Co., 3 Cir., 1893, 57 F. 938, 943-944.

"We have said that Anheuser should be estopped from asserting its claim to exclusive use of the word Budweiser. Any doubt whether mere prolonged inaction of the Association and Anheuser would of itself be sufficient to warrant the invoking of this principle is dispelled by the filing and voluntary discontinuance of the 1908 suit against DuBois. If the Association did not want to lull DuBois into a false sense of security, the Association should have followed up the discontinuance of the suit with some unambiguous action asserting its claim against DuBois."

The trial court dealt with this phase of the case very briefly. On Page 28 of Appendix B, it said "There is little need to consider Lakeland's contention that plaintiff is estopped by the doctrine of laches. The doctrine of estoppel would only preclude plaintiff's rights to an accounting if it prevailed." In other words, on an admitted state of facts, the trial court concluded as a matter of law that the principle of estoppel by laches was not applicable. Of course this failure to go further is understandable in the light of the trial court's finding for Petitioner. However, Petitioner did not abandon this point on appeal. It preserved its rights in this respect and devoted a substantial part of its brief in the Court of Appeals to supporting its contention on this point. The Court of Appeals made no references to the point whatsoever, and it is respectfully submitted that when it decided to reverse the decision of the District Court it should have considered this question of law clearly raised before it. In this respect as well Petitioner has not been accorded a fair trial.

CONCLUSION

It is respectfully submitted that this case was correctly decided by the trial court on factual issues, and that the Court of Appeals, disregarding the restrictions imposed by Rule 52(a), tried the case *de novo* on the facts, and on the basis of findings made on appeal reversed the trial court. Specifically, the errors complained of are as follows:

(1) In reviewing testimony heard *ore tenus* by the trial judge, the Court of Appeals reached directly opposing conclusions of fact, without finding any conclusion of fact made by the trial judge "plainly erroneous", and indeed while expressly disclaiming the necessity to pass upon the weight of evidence with respect to the questions of fact involved.

(2) It found as a fact that the Petitioner had deliberately copied the name and signs of the Respondent when no such finding had been made by the trial court, without evidence in the record, direct or circumstantial, to support such finding. Expressly based on this finding, it refused to apply principles of law which otherwise would have impelled affirmance of the decision of the trial court. As a result of this finding of fact the President and principal stockholder of the Petitioner has been branded as guilty of fraudulent conduct and his reputation irreparably damaged.

(3) The consequence of injecting this issue of fact while the case was being argued on appeal was that Petitioner did not have the opportunity to make a reply. An opportunity for a little reflection would have enabled counsel to come up with an adequate answer to the Court's question.

(4) Whether or not Respondent was estopped by its laches was an independent defense which the Petitioner was entitled to have the Court of Appeals consider and decide. There was no such consideration, or at least the opinion fails to disclose that consideration was given to the point.

As a result of the failure of the Court of Appeals to function as an appellate court, within the framework of Rule 52(a) of the Rules of Civil Procedure, the Petitioner has been deprived of its right to a fair and impartial trial.

The writ of certiorari should be awarded.

Respectfully submitted,

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SOPER, Circuit Judge:

Food Fair Stores, Inc., the plaintiff below, appeals from an order of the District Court dismissing its complaint for injunctive relief and for an accounting of profits, and permanently enjoining it, upon the counterclaim of Lakeland Grocery Corporation, defendant below, from using the trade name FOOD FAIR in the operation of its retail grocery business in the Norfolk-Portsmouth area of Virginia. The sole question presented is which of the two parties is entitled to the exclusive use of the trade name FOOD FAIR in the area. The District Court concluded, notwithstanding the earlier use of the name FOOD FAIR by the plaintiff as the designation for its chain of retail grocery stores in various areas of the United States, that the defendant, Lakeland, by reason of its use of the name for its retail outlet in the Norfolk-Portsmouth area prior to any competitive activity there by Food Fair Stores, was entitled to the exclusive use of the trade name in that area. The correctness of this conclusion depends upon the applicable principles of the Virginia common law of unfair competition.*

At the time of the trial below, September 1959, Lakeland operated two supermarkets in the Norfolk-Portsmouth area under the name FOOD FAIR. One was opened in May 1953, the other in July 1959. Food Fair Stores' FOOD FAIR supermarkets in the area numbered three. The first

*Jurisdiction below was based on diversity of citizenship. In addition, the complaint originally asserted violations of the Lanham Trademark Act, 15 U.S.C. §§ 1051-1121, and of the Virginia statute relating to trade marks, but these contentions were abandoned during the course of the trial. The question of damages, demanded by the counterclaim of Lakeland, was not finally decided by the District Court. The claim for compensatory damages was reserved for further consideration, but the claim for punitive damages was denied.

was opened in January 1958, and the others in 1958 and 1959 respectively. Lakeland is a Virginia Corporation, incorporated in May 1953, whose activities are limited to the Norfolk-Portsmouth area. Food Fair Stores, on the other hand, at the time of trial was the sixth largest chain food store organization in the country, with 399 retail stores in 9 eastern states distributed as follows: Connecticut 8; Delaware 8; Florida 120; Georgia 3; Maryland 41; New Jersey 79; New York 40; Pennsylvania 94; Virginia 6. Its retail sales in stores bearing the FOOD FAIR name for 53 weeks ending May 2, 1959, totaled $589,892,682; and the amount spent on advertising from 1935 when the FOOD FAIR name was first used by it, aggregated $30,234,148, of which $2,458,004 was expended in the first eight months of 1959.

The origins of this vast corporate business go back to a predecessor which was formed in the 1920's by the merger of several small groups of grocery and meat stores operating in and around Harrisburg, Pa. In the early 1930's its officers evolved or adopted the concept of the self-service supermarket—a store with convenient parking and accessibility to arterial highways, wherein a full range of food products are available to customers at moderate prices resulting from large sales and rapid inventory turnover—and in 1933 it opened its first supermarket in Harrisburg under the name "Giant Quality Price Cutters, Inc." The success of the operation was such that by the end of 1935 it had opened eight supermarkets in Pennsylvania and southern New Jersey, and by the end of 1937, at which time 22 of its supermarkets were in operation, it had moved its home office to Philadelphia and had closed all of its small stores.

The name FOOD FAIR was first used by the predecessor in August 1935 when it incorporated a subsidiary corporation known as Food Fair Stores, Inc. under the laws of Maryland. On October 31, 1935 the subsidiary opened a supermarket in Baltimore, Maryland, and one day later an additional supermarket in New Jersey, under the FOOD FAIR name. By 1938 all of the supermarkets of the predecessor or its subsidiary were operated under the name FOOD FAIR; in 1939 the name FOOD FAIR was registered in the U.S. Patent Office as a trademark for butter and eggs, and in 1942 the predecessor changed its corporate name to Food Fair Stores, Inc. At the same time, the listing of its stock, which had been traded through the New York Stock Exchange since 1937, was similarly changed to FOOD FAIR. From these beginnings Food Fair Stores continued its expansion until by April 1953 it operated 162 supermarkets in six states of which 156 operated under the name FOOD FAIR. As of that time there were 17 stores in New York, 45 in New Jersey, 52 in Pennsylvania, 4 in Delaware, 19 in Maryland, and 25 in Florida. During the year ending April 1953 Food Fair Stores had retail sales totaling $265,787,306. In the year 1952 $1,540,583 was expended in advertising and the total advertising expenditures from 1935 amounted to $9,918,269. Food Fair Stores was then the eighth largest chain of food stores in the United States, and the value of its good will measured by the market value of its stock in excess of its book value was $33,000,000.

At that time no FOOD FAIR Store was being operated by it in Virgiia. The closest store to Norfolk, Virginia, was in Baltimore, Maryland. Two stores were being operated in the metropolitan area of Washington, D.C. under the name Food Lane to avoid confusion since

the name FOOD FAIR had been earlier appropriated in the area by another operator. The reason for the step is made plain by the decision in *Food Fair Stores* v. *Square Deal Market Co.*, C.A.D.C., 206 F.2d 482, where it was shown that approximately 18 weeks after the adoption of the name FOOD FAIR by the plaintiff, a store in Washington, D.C. was opened by Square Deal Market Co., Inc. under the same name without knowledge of the earlier adoption of the name by the plaintiff's predecessor. The court held that under the circumstances it was entitled to continue the use of the name and Food Fair Stores was enjoined from using it in that area.

On May 14, 1953, the defendant, Lakeland Grocery Corporation, opened its first supermarket in the Norfolk-Portsmouth area, using the name FOOD FAIR. Harold Eisenberg, the president of Lakeland, testified that prior to 1953 he knew that Food Fair Stores was an organization of chain stores on the East Coast that "had a lot of stores", and that he was also aware that there were many independently owned stores operating under the name FOOD FAIR, as in Washington, D.C., Richmond, and western Virginia*, and that Food Fair Stores had no supermarkets under the name FOOD FAIR in Virginia. He stated that the name FOOD FAIR was selected for Lakeland's store since an establishment about a mile down the highway on which the store was located used the name "Furniture Fair" and it was thought that the highway would "become * * * made up of establishments that had a carnival-like or

*The District Court found that prior to Lakeland's use of the name FOOD FAIR, stores not owned by Food Fair Stores in Pulaski, Tazewell, Martinsville, and Richmond, Virginia, had used the name, the last from 1937 to 1957, and that other stores totaling 16 were being or had been operated independently under the name FOOD FAIR in North Carolina, Georgia, Alabama and Tennessee.

food fair operation" and that the FOOD FAIR designation would "tie-in" with such a scheme.

Shortly after the opening of the Lakeland supermarket, Food Fair Stores was advised of the fact, and on June 1, 1953 wrote Lakeland asserting its right to the exclusive use of the term FOOD FAIR as a trade name, and protesting Lakeland's use of the name. Thereafter, no further action was taken until 1956 when Food Fair Stores unsuccessfully tried to negotiate a purchase of the Lakeland store. In 1956 Food Fair Stores purchased a site outside of Norfolk on which it constructed a supermarket which was opened under the name FOOD FAIR on January 15, 1958, two days after the institution of this action. In June 1957 letters were exchanged in which Lakeland protested the prospective opening of this store and Food Fair Stores reasserted its prior right to use the name. In October 1957 a store was opened in Portsmouth using the name FOOD FAIR under license from Lakeland, and in July 1959 Lakeland opened another supermarket in Portsmouth under the FOOD FAIR name. Food Fair Stores in turn opened two additional stores in the area in 1958 and 1959 respectively, using the FOOD FAIR designation. Additional negotiations between the parties commencing in 1958 came to nought in 1959, and the trial of this case followed in September 1959.

At the trial it was stipulated that the style and size of the lettering of the signs on the stores was essentially similar so as to cause the average person viewing the signs to conclude that the stores were operated by the same organization, and the plaintiff sought to establish the right to exclusive use of the designation FOOD FAIR, founded on its prior adoption and long employment of the term as the trade name of its expanding chain store organization.

To show that the name FOOD FAIR was well and favorably known in the area and had attained a secondary meaning prior to the opening of its FOOD FAIR store by Lakeland, the plaintiff relied on its activities over a long period of years and the advertisement of its name as above described. It showed also that stores in the Norfolk area had been selling produce to Food Fair Stores for years long prior to 1953 and that its trucks prominently displaying the FOOD FAIR name made frequent trips there to pick up merchandise. And it pointed out that the region was a cosmopolitan area attracting people from all parts of the east coast who were familiar with the FOOD FAIR name and identified it with the plaintiff.

With respect to the reasonable probability of expansion of the Food Fair chain into the Norfolk-Portsmouth area in 1953 it was shown that the business continued to expand along the eastern seaboard until in September 1959 there were 399 stores located in the region extending from Connecticut to Florida, including six in operation in Virginia, with additional stores and a supply warehouse there then under construction. Pursuant to the plan to extend the business a store was opened in Alexandria, Virginia, in 1946 but was unable to use the name FOOD FAIR because of the prior use of that name in the Washington area as above described, but thereafter the right to use the name was acquired by agreement in October 1960. The evidence showed that the program comprised the acquisition of existing stores in a given area until a sufficient number, usually fifteen, had been obtained whereupon a warehouse was built to supply them. Such a warehouse was completed in Baltimore in 1949 whereby the operation of stores in Norfolk became economically feasible. Efforts were made in 1955 to purchase a chain of stores in the neighborhood

of Newport News and Hampton but these were unsuccessful, and in 1956 an unsuccessful effort was made to acquire the Lakeland store in Norfolk, failing which a site for a Food Fair Store in the Norfolk area was acquired by the plaintiff.

Upon this state of facts the District Judge held that the words FOOD FAIR constitute a trade name susceptible of appropriation and entitled to the protection of the courts, and that the president of Lakeland Grocery Corporation, the defendant, was well aware of the use of the name by the plaintiff to designate its far flung chain of supermarkets when the defendant, on May 14, 1953, opened its store in Norfolk under the same name. The Judge also noted that the defendant adopted for its store advertising signs substantially identical in style and size of lettering as used by the plaintiff on its stores; and that the defendant continued to operate its store under the plaintiff's name notwithstading the fact that after it opened its store it received a letter from the plaintiff notifying it that since 1935 the plaintiff had operated a chain of supermarkets under the name and had widely advertised it so that it had become identified in the mind of the public with the plaintiff's business in the eastern and southern areas of the United States.

Nevertheless, the Judge dismissed the plaintiff's suit and granted the counterclaim of the defendant for an injunction against the plaintiff. He held that since the defendant was the first to use the name in the Norfolk-Portsmouth area it was entitled to its exclusive use therein, and that the subsequent entry of the plaintiff was an attempt on its part to capitalize on the advertising and good will which the defendant had brought about in the interval.

The Judge dismissed the plaintiff's suit because he concluded that the plaintiff had not established either that its name had acquired a secondary meaning in the area indicating the business operated by the plaintiff or that at the time that the defendant opened its store the area was within the region into which the trade of the plaintiff might reasonably be expected to extend in the natural expansion of its business. With respect to the first proposition the court relied upon the decisions of the Supreme Court of Virginia which are binding upon us since the case involves the common law rule of unfair competition, and our jurisdiction is based on diversity of citizenship. *Pecheur Co.* v. *National Candy Co.*, 315 U.S. 666. The Supreme Court of Virginia applied the usual rule in *Bosso & Mastracco* v. *Giant Food Shopping Center*, 209 Va. 159, 104 S.E.2d 776, holding that in determining the existence of unfair competition in the use of similar trade names by competitors in the same area the test is whether the resemblance is so close that it is likely to confuse a prospective customer. With regard to secondary meaning the court stated, page 780:

"The definition and elements of secondary meaning may be briefly stated as follows:

> 'Words and symbols used in connection with one's goods, services, or business, of physical attributes of goods, not capable of being appropriated as a technical trade mark, are deemed to have acquired a secondary meaning when they have become associated in the minds of purchasers or customers with the source or origin of goods or services rather than with the goods or services themselves.' Annotation, 150 A.L.R. at page 1079."

In reliance upon the *Rosso* case, the District Judge pointed out that while there was abundant evidence that the plaintiff was well known as FOOD FAIR in the area to persons in the grocery trade, and to investors on the stock market, and to certain persons such as wholesalers who had special connections with the plaintiff's activities, there was a lack of evidence that the name identified the plaintiff to members of the general public who purchased groceries, meats, etc. He, therefore, held that the plaintiff had not established a secondary meaning for its name in the area.

We are in accord with this finding insofar as it sets out the testimony in the case but we do not agree with the ultimate conclusion that the plaintiff had failed to establish the existence of a secondary meaning of its name in the competitive area. The rule, not departed from in the *Rosso* case, is that such a secondary meaning exists if in fact a substantial number of present or prospective customers understand the designation when used in connection with a business to refer to a particular person or business enterprise. See Restatement of Torts, Section 716, Comment b; Nims: Unfair Competition and Trade-marks (4th Ed.), Section 38b, pages 160, 161.

Bearing this rule in mind, we are of the opinion that the plaintiff's name had actually acquired a secondary meaning in the Norfolk-Portsmouth area. It is true that the plaintiff had no retail store and hence no retail customers in the area; but this is not to say that it had no prospective customers, or was not known to the purchasing public. The business was well known to a substantial number of persons in active business in divers fields in the locality, anyone of whom was a potential customer of the plaintiff who might well be deceived by the name and style of the de-

fendant's enterprise into believing that it was the business of the plaintiff. The absence of any witness testifying that he had actually been deceived as a consumer does not refute the deceptive character of the plaintiff's business. On the contrary, the opening of the defendant's store under a much advertised name would doubtless stimulate interest and inquiry and widen the plaintiff's reputation in the metropolitan area, in view of the easy means of communication and transportation available in the area and the movement of travelers from outside territory where plaintiff's business was in actual operation. Considerations of this kind doubtless led the defendant to adopt the plaintiff's name.

We think also that the court was wrong in concluding from the evidence that the Norfolk-Portsmouth area was beyond the reach of the probable expansion of the plaintiff's business. It has been generally recognized since the decisions of the Supreme Court in *Hanover Milling Co.* v. *Metcalf*, 240 U.S. 403, and *United Drug Co.* v. *Theodore Rectanus Co.*, 248 U.S. 90, that an established trade name is entitled to protection not only in the area in which it already renders service or sells goods but also in areas to which its trade may reasonably be expected to expand. In the cited cases the issues were confined to the priority of use of a trademark in a given area and the question of expansion did not arise; but the court was careful to reserve it, saying in the *Hanover* case, 240 U.S. at 420:

> "We are not dealing with a case where the junior appropriator of a trade mark is occupying territory that would probably be reached by the prior user in the natural expansion of his trade, and we need pass no judgment upon such a case . . ."

Moreover, the court noted at page 415:

> "... But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like."

It is, therefore, necessary to determine whether at the time the defendant opened its store in Norfolk there was a reasonable prospect of the expansion of the plaintiff's business into that area. The Judge said that on May 14, 1953 the plaintiff had a mere "'hope of expansion' * * and that plaintiff's possibility of expansion into the Norfolk area as of that date is too remote to sustain plaintiff's burden of establishing by substantial evidence that the name FOOD FAIR had then acquired a secondary meaning in this locality." This conclusion appears to us to be erroneous. The size and rate of expansion of the plaintiff's business at the time, the proximity and location of its existing stores including the Alexandria store operated under another name, the negotiation for a chain of stores in Newport News in 1955, the effort to buy out the defendant in 1956, and the actual opening of the plaintiff's store in 1958 give strong support to the testimony of the plaintiff that as early as 1949 when the Baltimore warehouse was opened surveys of the area were made and expansion of the business into the area was not merely possible but probable.

The Virginia decisions are not at variance with these conclusions. In *Rosso and Mastracco* v. *Giant Food Shop-*

ping Center, supra, the court was called upon to decide whether the use of somewhat similar trade names by two competitors in the same line of business in the same area was likely to confuse possible customers. The court had no occasion to decide to what extent a trade name owner is entitled to protection in territory in which the owner does no business under the name but may reasonably expect to occupy in the future. That question, however, has been extensively litigated in subsequent cases in various jurisdictions and to decisions in this line we look for guidance.

Following the intimation in the opinion of the Supreme Court in the *Hanover* case quoted above that a competitor may not deliberately appropriate the trademark of another with a design to forestall the expansion of the latter's trade, it has been generally held that the owner of a trade name may enjoin infringement in territory to which his business has not yet extended. In the great majority of these cases it was shown that the name had become known in greater or less degree as that of the owner to a substantial number of persons in the area through various forms of advertisement or information obtained by visits to regions in which the business was being carried on. Obviously, the extent to which a trade name becomes known to the public in the present day has been greatly increased by the development of modern sales methods and modern advertisement and by the increase of travel throughout the country. In any event, protection of a trade name may be given if persons residing in the area with knowledge of the trade name are likely to be confused by an infringement. See *White Tower System* v. *White Castle System*, 6 Cir., 90 F.2d 67; *Stork Restaurant, Inc.* v. *Sahati*, 9 Cir., 166 F.2d 348; *Lincoln Restaurant Corp.* v. *Wolfies Restaurant, Inc.* 2 Cir., 291 F.2d 302; *Hanson* v. *Triangle Publica-*

tions, 8 Cir., 163 F.2d 74; *Western Oil Refining Co.* v. *Jones*, 6 Cir., 27 F.2d 205; *Sweet Sixteen Co.* v. *Sweet "16" Shop*, 8 Cir., 45 F.2d 920; *Buckspan* v. *Hudson's Bay Co.*, 5 Cir., 22 F.2d 721; *Terminal Barber Shops* v. *Zoberg*, 2 Cir., 28 F.2d 807; *Nims, Unfair Competition and Trade-marks*, (4th Ed.), Section 218b.

The existence or non-existence of good faith on the part of the second user of the trade name is a powerful factor in determining whether the name is entitled to protection in an area to which the business it identifies has not actually extended. Indeed, it is pointed out in Nims on Unfair Competition and Trade-marks, Section 218b, page 649, that to some extent the emphasis of the inquiry has been shifted in determining whether a trademark or trade name is entitled to extra-territorial protection, so that in some cases much more stress is placed upon the question of good faith and much less on the extent to which the name is known in a given area. See *Pike* v. *Ruby Foo's Den*, C.A.D.C., 232 F.2d 683; *Lincoln Restaurant Corp.* v. *Wolfies Restaurant, Inc.*, supra; *Safeway Stores, Inc.* v. *Sklar*, E.D.Pa. 75 F.Supp. 98; *Adam Hat Stores* v. *Scherper*, E.D.Wis., 45 F.Supp. 804; *Ammon & Person* v. *Naragansett Dairy Co.*, 1 Cir., 262 Fed. 880; *Maison Prunier* v. *Prunier's Restaurant and Cafe, Inc.*, 228 N.Y.S. 529.

In the instant case we do not have to pass on the relevant weight of the testimony as to the elements which enter into the problem. The existence of all of the necessary elements at the time of the infringement were proved by substantial evidence. It was shown that the plaintiff's business and trade name were known to a substantial number of persons in the Norfolk-Portsmouth area and that the probability of an expansion of the plaintiff's business into the area existed and that the defendant deliber-

ately and knowingly appropriated the plaintiff's name for its own business and actually imitated the character and style of the signs by which the plaintiff's business was made known to the public. Under this combination of circumstances we reach the conclusion that the plaintiff's name was entitled to protection and that the defendant should be enjoined from the use of it in the future. We do not think, however, that the plaintiff is entitled to an accounting for profits during the period prior to the institution of suit in which the defendant carried on its business under the name in the area. The defendant was notified in advance of the plaintiff's claim to the exclusive use of the name and thereafter made use of it at its own risk. But on the other hand the plaintiff on its part made no attempt to enjoin the use of its name prior to the institution of the present suit and thereby disentitled itself to an accounting for profits.

Reversed and Remanded.

MEMORANDUM OPINION OF THE COURT

The present action was instituted on January 13, 1958, with plaintiff cotending that the defendants were engaged in unfair competition as at common law through the continued use of the trade name FOOD FAIR. The complaint, as amended, further suggests violations of the Lanham Trademark Act, 15 U.S.C. § 1051-1127, and the Virginia statute relating to trademarks. These latter contentions were abandoned during the course of trial and, for this reason, this discussion will be limited to common law unfair competition.

Plaintiff requests injunctive relief and an accounting of profits made by defendants while using the name FOOD FAIR It is plaintiff's theory that the name FOOD FAIR had acquired a secondary meaning in the Norfolk-Portsmouth area when defendant, Lakeland Grocery Corporation, opened its place of business in Norfolk on May 14, 1953. By way of counterclaim, Lakeland seeks injunctive relief and damages alleging that it first appropriated the FOOD FAIR name in the Norfolk-Portsmouth area, and that plaintiff's prior activities were not such as were within the reasonably probable area of expansion of plaintiff's business.

The status of Tri-City Foods, Inc., is of little consequence. By agreement dated June 17, 1957, Lakeland granted Tri-City a non-exclusive license to use the name FOOD FAIR in the City of Portsmouth. Tri-City opened its store on October 9, 1957, and was made a party to this proceeding on June 22, 1959. Following the institution of this proceeding, Lakeland cancelled the license, and Tri-City, claiming the right to use the name only through Lakeland, has abandoned same. The right to an injunction against Tri-City would, in any event, be moot, and the

evidence is not sufficient to show interlocking operations wherein, even if plaintiff should prevail, Tri-City could be held liable for an accounting of profits. In line with comments made at the time of argument, the complaint against Tri-City must be dismissed.

The ultimate issue for determination is whether the Norfolk-Portsmouth area was, as of May 14, 1953, within plaintiff's reasonably probable normal area of expansion. If so, plaintiff is entitled to an injunction. If not, the defendant, Lakeland, must prevail and would be awarded injunctive relief.

Plaintiff's predecessor, Union Premier Food Stores, commenced operations in and around Harrisburg, Pennsylvania, during 1929. Small meat markets and grocery stores were then in vogue. During the depression days of the early thirties, the officers of Union Premier hit upon the idea of self-service supermarkets[1] and, in 1933, opened its first supermarket under the name "Giant Quality Price Cutters, Inc." The success of this operation caused plaintiff to open supermarkets in eight cities throughout Pennsylvania and southern New Jersey by the end of 1935 and, in the interim, plaintiff closed or sold its small stores.

In August, 1935, plaintiff's predecessor brought about the formation of a subsidiary corporation known as Food Fair Stores, Incorporated, under the laws of the State of Maryland. The subsidiary opened a supermarket in Baltimore, Maryland, on October 31, 1935, using the name FOOD FAIR;[2] it having been suggested by a cotton goods

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[1]It is said that plaintiff and its predecessor were the originators of the "supermarket" in food marketing.

[2]This was apparently the first use of such a name as related to the retail marketing of food. Approximately 18 weeks later, a store in Washington, D.C., appropriated the same name. *Food Fair Stores, Inc. v. Square Deal Market Co.*, D. C. C. A., 206 F. (2d) 482, cert. den. 346 U.S. 937.

store in Chicago called THE FAIR. By 1938 all supermarkets operated by plaintiff's predecessor, or its subsidiary, had adopted the name FOOD FAIR, and, in 1942, the corporate name of Union Premier Food Stores, Inc., was changed to Food Fair Stores, Inc., by which the corporate identity is presently known.

While much of the testimony points to the rapid growth of plaintiff since 1953, we are not here concerned with this factor except to such extent, if any, as such subsequent activities may have some bearing upon the reasonably probable area of expansion as of May 14, 1953. The defendant, Lakeland, opened its first store in the Norfolk Portsmouth area on May 14, 1953, under the name FOOD FAIR, and it is this date—and this date only—which should be considered in ascertaining whether the name FOOD FAIR had acquired a secondary meaning in the Norfolk-Portsmouth area. The "secondary meaning" is denoted as such when the name has become associated in the minds of purchasers or customers with the source or origin of goods or services, rather than with the goods or services themselves. *Rosso and Mastracco* v. *Giant Food*, 200 Va. 159, 104 S. E. (2d) 776, 150 A. L. R. 1079. While a number of local witnesses testified as to their knowledge of plaintiff's activities prior to 1953, the true test to apply would be the confusion, if any, existing with respect to the overall general public purchasing groceries, meats, etc.[3] That

[3](a) An insurance adjuster stated that he had heard of plaintiff's operations through relatives who had traded with plaintiff. The adjuster, at the time of trial, represented plaintiff on claims arising in this area.

(b) The public opinion survey was as of August, 1959, at which time confusion admittedly existed. It is of little value in ascertaining public opinion as of May 14, 1953.

(c) A representative of "Skippy Peanut Butter", manufactured by Best Foods, Inc., had sold peanut butter to plaintiff since 1945.

FOOD FAIR was well known by persons in the grocery trade, by investors on the stock market, and among certain individuals peculiarly connected with plaintiff's activities, cannot successfully be disputed. Indeed, Lakeland's president, Harold Eisenberg, testified that he was well aware of the name FOOD FAIR and plaintiff's chain of supermarkets at the time Lakeland opened its FOOD-FAIR

(d) A representative of Valley Poultry & Produce Corp. stated that the name FOOD FAIR did not mean much in the Norfolk-Portsmouth area prior to 1953, although he identified the name with stores in Maryland and Pennsylvania. As of the date of trial he was selling poultry to both the plaintiff and Lakeland.

(e) A sugar broker representing American Sugar Refining Company testified that he had heard of "Food Fair of Philadelphia" several years prior to 1953; that he sells sugar to plaintiff; that he knows of six or seven stores in the area of Winston-Salem, North Carolina, operating under the name FOOD FAIR.

(f) A manufacturer and distributor of food specialties, who sells to both plaintiff and Lakeland, said that he knew of "Food Fair of Philadelphia" as one of the outstanding chain operations, and that he had been in one FOOD FAIR store in the District of Columbia in 1948, although he did not know who owned the store. This latter reference was obviously to a FOOD FAIR store operated by Square Deal Market Co.

(g) The Director of Promotion for a local radio and television station knew of FOOD FAIR while attending the University of Miami, Florida. Plaintiff now uses his services in advertising.

(h) The president of Atlantic Produce Co., selling to both parties, identified the name FOOD FAIR, prior to 1953, as being the chain store he had visited in Philadelphia, and that he had read of same in trade publications.

(i) A wholesale beer and wine dealer, selling to both parties, heard of the name FOOD FAIR through trade magazines.

(j) The manager of Swift & Co. ice cream plant, selling to both parties, knew that Swift & Co. sold to plaintiff since 1945, and that the name FOOD FAIR meant one of the largest chains in the country.

(k) A representative of Wholesale Food & Produce Co., selling to plaintiff, knew of FOOD FAIR prior to 1953 by reason of his association with the trade.

(l) A stock-broker stated that plaintiff's quotations were first listed as FOOD FAIR in 1942.

store on May 14, 1953, although he insists that the name FAIR was suggested by the name FURNITURE FAIR adopted by a store a short distance away from Lakeland's supermarket.

The principles of law underlying these cases of common law unfair competition are grounded upon the fact that one should not profit in the goodwill of another's trade or business. The extent to which the market has been affected by the use of the name is of paramount importance. The name may mean one thing in one territorial market, and an entirely different thing in another. The market is the customer or purchaser—it is from such customer or purchaser that profits are earned and goodwill established.

It is clear that a substantial burden rests upon the plaintiff to prove that the name FOOD FAIR had, as of May 14, 1953, acquired a secondary meaning in the Norfolk-Portsmouth area among purchasers or customers generally dealing with grocery stores and supermarkets. *Rosso and Mastracco* v. *Giant Food*, supra.

Shortly after Lakeland opened its first store on May 14, 1953, plaintiff, having been advised of this fact by another chain store, addressed a letter[4] to Lakeland under

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[4]The body of the letter reads as follows:

"We have recently learned that you are now operating a supermarket under the name 'FOOD FAIR'.

"Since 1935, we have operated a chain of supermarkets for the retail sale of groceries, meats, meat products and other related products under the trade name 'FOOD FAIR'.

"The name 'FOOD FAIR' is registered with the United States Patent Office. In addition, we have widely advertised and circularized the name by radio, newspapers, circulars and other media, as an integral part of our business operations. As a result, the name has been for sometime identified in the minds of the public and the food trade with the business which we operate and with Food Fair stores in the entire eastern and southern areas of the United States and throughout other parts of the country.

"Our common stock is listed on the New York Stock Exchange and is widely distributed throughout the country.

date of June 1, 1953, protesting the use of the name FOOD FAIR. By this time Lakeland had already opened its supermarket and, in advance thereof, had advertised the name FOOD FAIR extensively. In October, 1957, as previously noted, Tri-City opened a store in Portsmouth using the name FOOD FAIR under its licensing agreement with Lakeland. Following plaintiff's action in opening a supermarket in the Norfolk area on January 15, 1958—two days subsequent to the institution of this action — Lakeland opened another store in Portsmouth in July, 1959, using the name FOOD FAIR.[5]

Since the institution of this action, plaintiff has opened two additional supermarkets in the area. At Aragona Village in Princess Anne County—approximately 12 miles from the first store—plaintiff opened a store on June 18, 1958. Within weeks following the trial of this case, a third supermarket was opened by plaintiff on Tidewater Drive in the City of Norfolk—a distance of approximately four miles from the first location. As observed, the openings subsequent to May 14, 1953, do not have any material bearing on the final decision of this case; nor are we concerned with plaintiff's subsequent activities in the Newport News-Hampton area where certain supermarkets were acquired by plaintiff, but Lakeland claims no priority of use in that particular locality.

"The use of the name 'FOOD FAIR' by you constitutes an appropriation of our valuable trade name. Your continued use of that name will deceive the public, our customers and others into the belief that your store is part of our chain and may cause us considerable damage.

"We feel sure that, under these circumstances, you will wish to discontinue use of the name.

"However, if you persist in the use of the name, we shall be constrained to take such action as may be necessary to protect our rights."

[5]An exchange of letters in June, 1957, revealed that Lakeland was protesting the proposed opening of plaintiff's first store in the Norfolk-Portsmouth area, with plaintiff again asserting its prior right to the use of the name. These letters are of no consequence as they followed unsuccessful negotiations on plaintiff's part to purchase Lakeland's store.

Plaintiff explains its failure to take prior legal action by stating that Lakeland's one store was not considered a matter of serious consequence and that plaintiff was not aware of any intention on Lakeland's part to expand its operations. During the year 1956—the exact date being unknown—plaintiff commenced negotiations with Lakeland to purchase its property but due to Lakeland's demands which were considered exorbitant by plaintiff, these negotiations failed. Subsequent to the institution of this action, the parties resumed negotiations which reached a point of near agreement in the spring of 1959, but finally again failed on March 31, 1959. The details of these negotiations are not, in the opinion of the Court, pertinent to the decision here in controversy.

Reverting to the growth of plaintiff's business, it cannot be doubted that plaintiff is a well-established grocery chain *in certain areas*. Prior to World War II plaintiff had expanded from the Harrisburg area to localities throughout eastern Pennsylvania, New Jersey, Delaware and Maryland. Excluding for the moment any discussion of its activities in the District of Columbia and Alexandria, Virginia, plaintiff's closest stores to Norfolk using the name FOOD FAIR were in Baltimore, Maryland—a distance of approximately 245 miles.

It is the plaintiff's contention that it has the right to object to the use of the name FOOD FAIR at any place in the United States. We do not agree. Unlike the names employed in *Stork Restaurant* v. *Sahati*, 9 Cir., 166 F. (2d) 348; *Sweet Sixteen Co.* v. *Sweet "16" Shop*, 8 Cir., 15 F. (2d) 920; *White Tower System* v. *White Castle System*, 6 Cir., 90 F. (2d) 67; and *Safeway Stores* v. *Suburban Foods*, E.D. Va., 130 F. Supp. 249, the name FOOD FAIR is not so fictional and fanciful as to create a grocer's pseudonym entitling plaintiff to an exclusive use of the name in

areas where there are no commercial transactions and the area is not within the *then* reasonably probable limits of expansion.

Obviously plaintiff, although vigorously asserting its intentions to expand, has never embarked upon any fixed pattern. The executive vice-president referred to a continuity of surveys in the Norfolk and Richmond areas since 1949, when plaintiff constructed a warehouse in Baltimore which was designed to serve Baltimore, Washington, northern Virginia, Richmond, and the Norfolk-Portsmouth area. The only fixed pattern of expansion is keyed to the construction of warehouses; it being said that approximately 15 stores are necessary to support a warehouse. When there are sufficient stores to support a warehouse, another area is then opened up and the process is repeated. However, plaintiff waited nine years after the construction of its Baltimore warehouse before electing to invade any area south of the District of Columbia territory. Other than through trade journals, two or three articles written in national magazines admittedly having a circulation in Virginia, and stock-market transactions, plaintiff did no advertising by way of newspaper, magazine, radio or television calculated to reach the general public in the Norfolk-Portsmouth area. True, such advertising did take place a few weeks prior to the opening of plaintiff's first store in Norfolk on January 15, 1958, but, in the interim, the name FOOD FAIR had been substantially established by the efforts of Lakeland. Plaintiff now wishes to capitalize on Lakeland's advertising and goodwill built up from May 14, 1953, to January 15, 1958, a period of nearly five years. This it cannot do unless plaintiff substantially proves that FOOD FAIR, as of May 14, 1953, had acquired a secondary meaning in the Norfolk-Portsmouth area among purchasers or customers generally dealing with grocery stores and supermarkets.

Lakeland relies heavily upon *Food Fair Stores, Inc.* v. *Square Deal Market Co., Inc.*, D.C.C.A., 206 F. (2d) 482, growing out of plaintiff's efforts to establish a superior right to the use of the name FOOD FAIR in the operation of retail grocery stores in the District of Columbia and surrounding areas, including that part of Virginia generally denominated as the Washington Metropolitan Area. The litigation in Washington was instituted by the now plaintiff in 1948, but the court granted injunctive relief to Square Deal Market, mainly upon the ground that the latter opened its first grocery store in Washington approximately 18 weeks after plaintiff adopted the name for use in Baltimore. In other words, both parties "hit upon the use of the name" at approximately the same time. We do not have a similar question in this case.

Plaintiff insists that *Food Fair Stores* v. *Food Fair*, 1 Cir., 177 F. (2d) 177, is controlling. Disagreeing with plaintiff, it should be noted that the findings in the Massachusetts case were to the effect that, prior to the adoption and use of the name FOOD FAIR by the defendant therein, the plaintiff had (1) acquired a reputation in Massachusetts, (2) done business with wholesalers there, (3) acquired official permission for one of its subsidiaries to do business, (4) negotiated for the acquisition of enterprises in the Greater Boston area, (5) established its name, to a limited extent, among average customers of retail food stores, (6) distributed its stock among approximately 500 stockholders in Massachusetts, particularly in Greater Boston. Moreover, Massachusetts had an express statute on the subject which provided: "*likelihood of injury* to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be ground for injunctive relief in cases of trade-mark infringement or unfair competition *notwithstanding the absence of competition be-*

tween the parties or of confusion as to source of goods or services." Thus it appears that the quantum and quality of proof required under Massachusetts law is considerably less than Virginia demands under *Rosso and Mastracco* v. *Giant Food*, supra. Of course, it goes without saying that the law of Virginia must be applied to the facts of the existing controversy.

To the extent, however, that the First Circuit concluded that the words FOOD FAIR are essentially generic terms but are nevertheless susceptile of appropriation, this Court is in complete agreement for the reasons assigned in the opinion of Circuit Judge Woodbury.

We attach little significance to the testimony of plaintiff's executive vice-president and general manager of operations wherein he stated that the Norfolk and Richmond areas were the subject of continuous surveys beginning with 1948 when plaintiff commenced the construction of its Baltimore warehouse. The witness stated that experienced real estate men were sent to the area as early as 1950 or 1951 for the purpose of making these surveys involving population, population trends, competition of other chains, consumer spending, and many other factors. These purported surveys were not presented in evidence[6] and no individual participating in such a study was called to testify. We think it clear that, as of May 14, 1953, plaintiff enjoyed a mere "hope of expansion" into the Norfolk area, consistent with its financial progress justifying same, and that plaintiff's possibility of expansion into the Norfolk

[6]The witness testified that the surveys were not retained because they became out-of-date within a few years. Assuming, arguendo the correctness of this statement, it is nevertheless unusual to note that no individual conducting any survey was called to testify. The witness also stated that plaintiff had many offerings from real estate brokers and landlords in the Norfolk area from 1950 to date, but no corroborating evidence was submitted on this point.

area as of that date is too remote to sustain plaintiff's burden of establishing by substantial evidence that the name FOOD FAIR had then acquired a secondary meaning in this locality. It does not appear that plaintiff became more than remotedly interested in Tidewater Virginia until 1955, when an approach was made to purchase Rich's Stores, located primarily in the Newport News-Hampton area and separated from the Norfolk-Portsmouth area by the Port of Hampton Roads.[7] This was followed shortly thereafter by plaintiff's efforts to acquire Lakeland's store.

The expansion in northern Virginia has little or no effect upon this litigation. In 1946 plaintiff opened a store in Alexandria using the name FOOD LANE. No other store in Virginia operated by plaintiff under the name FOOD FAIR was opened until January, 1958, which was, as noted, the Norfolk store. The store in Alexandria was acquired by plaintiff's subsidiary, Big Bear Food Stores of Virginia, Inc., when operated under the name FAIRFAX SUPER MARKET. The name was then changed which resulted in litigation instituted by Food Fair of Virginia, Inc., a corporation then using the name FOOD FAIR with the consent and permission of Square Deal Markets, Inc., the latter being the ultimate successful litigant in the District of Columbia proceedings heretofore discussed. The Alexandria case was dismissed by consent in 1948, and the now plaintiff or its subsidiary continued to operate under the name FOOD LANE. Because it was unsuccessful in the District of Columbia litigation, the present plaintiff continued to use the name FOOD LANE in northern

[7]Lakeland does not contend that its plans for expansion extend to the Newport News-Hampton area, but confines its argument to the Norfolk-Portsmouth area which is generally described as the cities of Norfolk, Portsmouth, South Norfolk and Virginia Beach, together with the counties of Norfolk and Princess Anne.

Virginia and the so-called Washington Metropolitan Area.[8] From this we note that plaintiff had not invaded Virginia under the name FOOD FAIR, but, even had it done so prior to 1953, we would not consider it of importance as the Washington Metropolitan Area is located approximately 200 miles from the Norfolk-Portsmouth area. The litigation does suggest, however, that plaintiff's plans, if any, for expansion into Virginia under the name FOOD FAIR were effectively blocked.

Nor is it of importance that plaintiff commenced expansion into Florida during 1942 or thereabouts. Plaintiff had an opportunity to acquire a chain of established stores and now urges that this marked the entire area between Maryland and Florida as the reasonably probable area of expansion. To carry this theory to the extreme, if plaintiff opened a store in California—as it at one time contemplated—all states between the east and west coasts would fall within the reasonably probable area of expansion.

As of April 25, 1953—the closest date available to the opening of Lakeland's supermarket in Norfolk—plaintiff stores were distributed in the following states as indicated:

Delaware	4
Florida	25
Maryland	19
New Jersey	45
New York	17
Pennsylvania	52
Total	162

[8]The evidence discloses that plaintiff, in October, 1958, made arrangements to use the name FOOD FAIR in the Washington Area effective October, 1960.

The foregoing does not include the stores operated as FOOD LANE. By May 1, 1954, the only marked increase was in Florida where plaintiff had acquired another chain of stores. Connecticut was invaded during the fiscal year ending April 30, 1955, by the establishment of four stores. In the fiscal year ending April 27, 1957, two stores were opened in Virginia (presumably in the Newport News-Hampton area); two were established in Tennessee; and one in Georgia. With the exception of Florida, this marked the first attempt to expand operations below the Mason-Dixon Line. As of September 2, 1959, plaintiff was operating 399 stores, as contrasted with 162 when Lakeland opened its supermarket but again, with the exception of Florida, the expansion has been essentially limited to the states of Pennsylvania, New Jersey, Maryland, and New York, plus a few stores in Connecticut and Delaware. The area concentration of these stores strongly suggests that, excepting Florida, the expansion plans have been sharply limited. Furthermore, plaintiff has continued its practice of operating under names other than FOOD FAIR.

Merely because plaintiff is a prior user of the name FOOD FAIR in other areas does not project the right of protection of said name in advance of the extension of the trade; nor does it operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade. *United Drug Company* v. *Theodore Rectanus Company*, 248 U.S. 90.

Not overlooked is the fact that Lakeland has adopted a style and size of lettering on its signs which is substantially identical to plaintiff's signs as they existed in 1953. On the other hand it should be observed that the lettering is of standard block design. If this design or size of the signs had any meaning in this area in 1953, it could, of course,

be construed as an effort to do some act inimical to plaintiff's interest for the purpose of obtaining the benefit of the reputation of plaintiff's goods, or to forestall the extension of plaintiff's trade, but such does not exist in the present controversy.

There is little need to consider Lakeland's contention that plaintiff is estopped by the doctrine of laches. The doctrine of estoppel would only preclude plaintiff's rights to an accounting if it prevailed. While it is clear that plaintiff would be estopped to demand an accounting, it is equally apparent that plaintiff is not, and Lakeland is, entitled to injunctive relief with respect to the use of the name FOOD FAIR.

This is not a case meriting punitive damages in behalf of Lakeland. Whether it has sustained compensatory damages is reserved for further consideration.

In the final analysis these cases involving unfair competition at common law are dependent upon the individual facts of each controversy. The equities of this case are manifestly with Lakeland. It should prevail.

Counsel will prepare an appropriate decree carrying into effect this memorandum which is adopted by the Court in lieu of specific findings of fact and conclusions of law. Counsel may likewise submit specific findings not sufficiently covered herein. If a hearing is requested, the same shall be granted.

(s) Walter E. Hoffman
United States District Judge

Norfolk, Virginia
January 3, 1961

ORDER

It appearing to the Court that the following additional findings of fact should be made a part of the record, it is so ORDERED:

The name "Food Fair" was, prior to the use thereof by Lakeland, used by retail grocers not owned by Plaintiff in Pulaski, Virginia, Tazewell, Virginia, Martinsville, Virginia, and Richmond, Virginia.

In Richmond, Virginia, a grocery store not owned by Plaintiff traded as Food Fair from 1937 to 1957.

In Statesville, North Carolina, a retail grocery store not owned by Plaintiff trades as "Food Fair" since 1951.

In Winston-Salem, North Carolina, a retail grocery chain not owned by Plaintiff has traded as "Food Fair" since August of 1947, now operating six stores.

In Atlanta, Macon and Savannah, Georgia, retail grocery markets not owned by Plaintiff operate or have operated under the trade name "Food Fair".

The same situation is true as to Montgomery, Alabama, where two stores have been operating since 1952 under ownership other than Plaintiff's.

In Tennessee, four stores operating under the trade name of "Food Fair" were not owned by the Plaintiff but were purchased by the Plaintiff from the owners as of July 31, 1956.

(s) Walter E. Hoffman
United States District Judge

Norfolk, Virginia
April 28, 1961

ANSWERS TO INTERROGATORIES

Plaintiff, Food Fair Stores, Inc., by Myer B. Marcus, Executive Vice President, its agent, having been duly sworn, makes the following responses to the interrogatories served upon it by defendants September 10, 1959:

1. Plaintiff adopted the tradename "Food Fair" August 14, 1935, when it obtained a charter for The Food Fair, Inc., a wholly owned subsidiary, from the State of Maryland. The name "Food Fair" was obtained from no source but was originated by officers of plaintiff's predecessor corporation. It was suggested by the name "The Fair" on a Chicago department store.

2. At the time of the adoption of the Food Fair tradename plaintiff's predecessor corporation owned and operated twenty to twenty-five conventional service type grocery stores in eastern Pennsylvania under the name Union Premier Food Stores. All these stores had been disposed of by 1937. In addition plaintiff operated the following supermarkets at the following locations at the time of the adoption of the Food Fair tradename, August 14, 1935:

Giant Quality Food Price Cutters, Inc., Harrisburg, Pennsylvania.

Union Premier Food Store, Philadelphia, Pennsylvania.

Giant Quality Food Price Cutters, Inc., Reading, Pennsylvania.

Giant Quality Food Price Cutters, Inc., York, Pennsylvania.

Giant Quality Food Price Cutters, Inc., Columbia, Pennsylvania.

Giant Quality Food Price Cutters, Inc., Allentown, Pennsylvania.

Airport Market, Pennsauken, New Jersey
Giant Quality Food Price Cutters, Inc., Coatsville, Pennsylvania.

The Airport Market closed October 31, 1935. The names on the other stores were changed to Food Fair by 1938.

3. To plaintiff's knowledge there were no other retail grocery stores trading under the name of "Food Fair" or under a name of which "Food Fair" was a part at the time plaintiff adopted the tradename "Food Fair."

4. See attached Appendix A.

5. Following termination of the litigation in the District of Columbia in which plaintiff in this case was plaintiff and Square Deal Market, Company, Inc., was defendant. The Grand Union Company, purchased Square Deal Markets, Inc. The Grand Union Company, by contract dated October 9, 1958, conveyed to the plaintiff the right to use the name "Food Fair" in the Washington, D.C. area. Plaintiff at present operates four supermarkets under the name "Food Lane" in the Washington, D.C. area but will convert such markets to the name "Food Fair" by October 9, 1960.

6. See attached Appendix A. Substance of letters indicated in Appendix A is the same as Exhibit A attached to the complaint.

7. See attached Appendix B.

8. In May, 1953, when defendant Lakeland Grocery Corp. opened its business in Princess Anne County, Virginia, the nearest grocery store operated by plaintiff under the tradename "Food Fair" was in Baltimore, Maryland.

Myer B. Marcus
Executive Vice President
Food Fair Stores, Inc.

State	City	Name Used	No. of Stores	Date of First Knowledge	Protest Letter Sent	Duration of Use as of 1 13 58
Ala.	Montgomery	Lazenby's Food Fair	2	4/52	4/18/52	Uncertain
Conn.	Bridgeport	Ike Fitzgerald's Food Fair Market	1	7/16/54	8/16/54	Name Changed
Fla.	St. Augustine	Nat's Food Fair	1	4/22/49	5/26/49	Uncertain
	Tampa	Fla. Food Fair	2	7/50	10/15/51	Favorable Decree (11/21/55)
Ga.	Atlanta	Food Fair Inc.	1	4/29/52	6/2/52	Discontinued
	Atlanta	Clark's Food Fair	2	3/18/53	3/25/53	Continued
	Macon	Food Fair Supermarket	1	12/52	1/28/53	Continued
	Savannah	Food Fair Supermarket	1	8/51	8/9/51	Continued
Md.	Baltimore	"Henry's Quality Food at Fair Prices"	1	4/30/49	5/3/49	Discontinued
	Baltimore (25 & Charles.) (Eutaw St.)	"We Sell Food at Fair Prices"	1	5/48	7/49	Discontinued
Mass.	Brookline	Food Fair	3	12/47	12/26/47	Favorable Decree (10/1/48)
	Holyoke	Agawan Food Fair	1	11/26/52	1/8/53	Name Changed
	Shrewsbury	Food Fair	1	5/49	prior to 5/18/49	Name Changed
N. J.	Camden	Fred's Food Fair	1	4/28/48	4/29/48	Name Changed
	Cranford	Santones Food Fair	1	Unknown	Unknown	Ceased Optn. 4/1/47

	Hammonton	Mid-Way Food Fair	1	12/4/51	1/29/52	Suit 2/15/52 use discont'd. 8/19/52
	Vineland	Handy Food Fair	1	9/18/47	Unknown	Favorable Decree (7/13/48)
N. Y.	Bronx	Food Fair	1	1/13/50	2/7/50	Name Changed
	Monticello & So. Fallsburg	Famous Food Fair	2	8/9/49	8/16/49	Continued
	Manhattan	China Food Fair Inc.	1	1/7/55	1/12/55	Favorable Decree (1/15/57)
	Manhattan	Marotta's Italian American Food Fair	1	8/1/52	9/18/52	Name Changed
	Queens	Queen's Food Fair	1	5/3/48	5/3/48	Name Changed
	Staten Island	Food Fair	1	1/19/51	2/2/51	Name Changed
N. C.	Statesville	Fraley's Food Fair	1	2/51	8/7/51	Continued
	Winston-Salem	Food Fair	3	8/47	8/12/47 7/10/51	Continued
Pa.	Moosic	Rocky Glen Food Fair	1	9/18/53	10/1/53	Name Changed
R. I.	Newport	Food Fair Supermarket	1	5/49	5/26/49	Modified
Tenn.	Chattanooga (2) also Marietta (1) & Dalton, Ga. (1)	Food Fair	4	9/1/52	9/18/52	Purchased by Plaintiff 7/31/56
Va.	Pulaski	Food Fair	1	Unk.	9/18/52	Continued
	Richmond	Food Fair	1	4/56	none	Discontinued
Washington, D.C.		Food Fair	1	4/7/36	4/7/36	Unfavorable Decree (9/20/52)

APPENDIX A

Date of Purchase	Vendor	Circumstances
July 6, 1948	Queens Food Fair New York City	Plaintiff paid for sign change and change in corporate charter.
January 3, 1956	Ike Fitzgerald's Food Fair Market Bridgeport, Conn.	Plaintiff paid for sign change.
June 14, 1956	Food Fair, Inc. Atlanta, Georgia	Plaintiff purchased store in move to extend operations of Southern division.
July 31, 1956	Tennessee Food Fair, Inc. Chattanooga, Tennessee, Marietta and Dalton, Ga.	Plaintiff purchased stores in move to extend operations of Southern division.
October 9, 1958	Grand Union Company Fairlawn, New Jersey	See answer to Interrogatory 5.

APPENDIX B

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In the

Supreme Court of the United States

October Term, 1952

No. 181

LAKELAND GROCERY CORPORATION,
Petitioner,

v.

FOOD FAIR STORES, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

ARCHIBALD G. ROBERTSON
WILLIAM J. KELLY
LEWIS T. BOYKIN
Of Counsel

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In the

Supreme Court of the United States

October Term, 1961

No. 1041

LAKELAND GROCERY CORPORATION,
Petitioner,

v.

FOOD FAIR STORES, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

I.

OPINIONS BELOW

The opinion of Honorable Walter E. Hoffman, United States District Judge for the Eastern District of Virginia, dated January 3, 1961, before whom this unfair competition action was tried on September 28-30, 1959, is not reported. The opinion of the United States Court of Appeals for the Fourth Circuit dated March 22, 1962, reversing the trial court, is reported at 301 F. 2d 156 (1962). Both opinions are reprinted in full in the petition filed June 15, 1962, by Lakeland Grocery Corporation. Throughout this brief reference to the trial court means the United States District

Court for the Eastern District of Virginia; reference to the court below means the United States Court of Appeals for the Fourth Circuit.

II.

JURISDICTION

The jurisdictional requisites are adequately set forth in the petition.

III.

QUESTIONS PRESENTED

1. Should this Court in the exercise of its sound judicial discretion grant a writ of certiorari to review the decision of the court below?

2. Did the Court of Appeals for the Fourth Circuit make erroneous and improper findings of fact in violation of Rule 52(a) of the Federal Rules of Civil Procedure, and then compound its error by basing its decision upon such findings of fact?

3. Did the United States District Court for the Eastern District of Virginia and the Court of Appeals for the Fourth Circuit both err in holding that laches was no defense to Petitioner's improper use of Respondent's trade-name?

4. Is the decision of the court below correct?

IV.

STATUTES INVOLVED

No federal or state statute is involved in this appeal.

V.

RESTATEMENT OF THE CASE

The sole issue in this case is which party to the litigation is entitled to exclusive use of the tradename Food Fair in the Norfolk-Portsmouth, Virginia, area. The court below has ruled that Respondent is entitled to such exclusive use.

Petitioner, hereinafter called Lakeland, opened a grocery supermarket in Norfolk, Virginia, on May 14, 1953, using the tradename Food Fair. Respondent, hereinafter called Food Fair, the sixth largest grocery supermarket chain in the United States, first used the tradename Food Fair for a grocery supermarket in Baltimore, Maryland, on October 31, 1935. When Lakeland opened its store using the tradename Food Fair in Norfolk, Food Fair was already the eighth largest grocery chain in the United States. It was then operating 156 grocery supermarkets under the tradename Food Fair in six East Coast states. At the time of trial September 28-30, 1959, Food Fair had continued to expand and had grown to be the sixth largest grocery chain in the United States. It was then operating 399 grocery supermarkets, virtually all under the tradename Food Fair, in nine East Coast states.

When Lakeland began operating under the tradename Food Fair, it was well aware of the prior use of that tradename by Food Fair, for Lakeland's president, Harold Eisenberg, testified as follows:

> "Q. What did you know about Food Fair Stores of Philadelphia prior to 1953?
>
> "A. I knew there was such an organization, along with other Food Fair stores throughout the country, all independently owned.
>
> Q. Did you know that it was the eighth largest food chain in the United States?

A. No, sir, I didn't know what status they had.

Q. You did not know. Did you have any knowledge at all of what size chain store it was in 1953?

A. I had no occasion to know whether they were eighth, ninth or tenth.

Q. I didn't ask you that. I said, did you know that they were a national chain store in the United States in 1953?

A. I knew that they were a chain store. The question of whether they are national or not is debatable.

Q. Did you have any knowledge as to the size of its operation?

A. No, sir, I didn't know whether they were eighth, ninth or tenth. I knew they were a chain on the East Coast.

Q. Did you know how many stores they operated on the East Coast?

A. No, sir.

Q. No the slightest idea?

A. When you say 'not the slightest idea,' it could vary from one, two hundred, three. I knew they had a lot of stores."

By letter dated June 1, 1953, Food Fair protested use of the tradename Food Fair by Lakeland and thereafter throughout subsequent negotiations with Lakeland, Food Fair periodically protested Lakeland's use of the tradename Food Fair until suit was instituted by Food Fair against Lakeland on January 13, 1958, to enjoin Lakeland's further use of the name. When Lakeland began using the name Food Fair in the Norfolk-Portsmouth area the nearest supermarket operated by Food Fair under the tradename Food Fair had been doing business in Baltimore since 1935.

On January 15, 1958, two days after institution of this

suit, Food Fair opened a grocery supermarket in Norfolk, Virginia, under the tradename Food Fair. Before the hearing of this suit on September 28-30, 1959, Food Fair had opened a second supermarket under the tradename Food Fair in the Norfolk-Portsmouth area and by time of trial had six such supermarkets in Virginia, with plans to open several more in the near future.

At trial the court stated (Appellant's App., pp. 77-78):

> ". . . [T]he defendants, through their counsel, have indicated a willingness to stipulate that the signs on the stores operated by the defendants are either identical or bear such striking similarity to the signs which are on the stores of the plaintiff, that the average viewer or the ordinary person looking at the signs would reach the conclusion that, so far as the signs are concerned, the stores would be operated by one and the same organization."

At trial numerous witnesses from the Norfolk-Portsmouth area in the grocery business and other types of business testified that on May 14, 1953, and prior to that date, Food Fair meant the tradename of a Philadelphia-based grocery supermarket chain. It was also stipulated by the parties that Norfolk is a broad and cosmopolitan city to and from which people all over the United States travel.

The trial court concluded that Food Fair had not shown it was entitled to the injunction it sought. On appeal the court below reversed the trial court, holding that under the evidence Food Fair was the prior user of the tradename Food Fair; that in 1953 the tradename Food Fair had acquired a secondary meaning in the Norfolk-Portsmouth area identifying it with Food Fair; that the Norfolk-Portsmouth area was within the probable area of expansion of Food Fair when Lakeland began using the name;

and that Lakeland deliberately and knowingly appropriated the name for its own business. Upon these conclusions the court below granted Food Fair the injunction it sought in the trial court.

VI.

ARGUMENT

A.

This Case Does Not Warrant the Granting of a Writ of Certiorari

This case involves no great principle of law which calls for resolution by this Court. This case involves no more than the right to use a specific tradename, Food Fair, in a specific part of the country, the Norfolk-Portsmouth, Virginia, area. The decision below rests squarely upon Virginia substantive law and no important or controlling question of federal law is presented by the petition. The issues presented below concerned the doctrine of secondary meaning and reasonable zone of expansion. These doctrines were well established in Virginia, as indicated by the case of *Rosso & Mastracco* v. *Giant Food*, 200 Va. 159, 104 S.E. 2d 776 (1959) and by this Court's decision almost 50 years ago in *Hanover Milling Co.* v. *Metcalf*, 240 U. S. 403 (1916).

Hanover Milling Co. v. *Metcalf*, 240 U. S. 403 (1916) suggested that a tradename was entitled to protection within an area which the prior appropriator of the name would probably reach in the natural expansion of that appropriator's trade. *Stork Restaurant, Inc.* v. *Sahati*, 166 F. 2d 348 (9th Cir. 1948) established the principle that a tradename is entitled to protection in an area where the tradename has acquired a secondary meaning identifying the

name with the goods or services of a particular concern. Each tradename infringement suit must be decided on the facts of each particular case, since the courts must determine whether an area is within the natural area of expansion of a tradename user or alternatively or additionally whether the tradename has acquired a secondary meaning within a given area. These questions of unfair competition do not present any issue of general importance worthy of this court's consideration in the exercise of its certiorari jurisdiction.

There is no constitutional question involved here, and there is no important federal question which should be decided by and has not been decided by this Court, for *Hanover Milling Co.* v. *Metcalf*, 240 U. S. 403 (1916) and *United Drug Co. v. Rectanus Co.*, 248 U. S. 90 (1918) have clearly laid down the guides to tradename protection.

In reviewing the grounds for granting writs of certiorari set forth in Rule 19 of this Court the only possible basis in Lakeland's petition for granting the writ would be the contention that:

> "... [The court of appeals] has so far departed from the accepted and usual course of judicial proceedings, or so far sanctioned such a departure by a lower court, as to call for an exercise of this court's power of supervision."

But no charge is made that the court below has been guilty of such a departure from the accepted and usual course of judicial proceedings.

Rule 19 is not definitive of this Court's certiorari jurisdiction. This Court nevertheless is not merely another appellate court to review alleged errors of an inferior tribunal. Yet that appears to be the only theory urged here for granting a writ of certiorari.

Counsel for Lakeland contend that the court below erroneously refused to consider Lakeland's affirmative defense of laches, and erroneously made a finding of fact not made by the trial court and not supported by the evidence. Those contentions are not true and in any event do not constitute grounds for granting a writ of certiorari.

Equally frivolous and equally indicative of the lack of importance of the matters which Lakeland seeks to present is the transparent effort by Lakeland to suggest that at oral argument its counsel was taken by surprise when he was questioned concerning the petitioner's good faith in this action. Counsel for Lakeland at p. 16 of the petition say:

> "(3) The consequence of injecting this issue of fact [that Lakeland had intentionally appropriated the name knowing of Food Fair stores' prior use of it] while the case was being argued on appeal was that Petitioner did not have the opportunity to make a reply. An opportunity for a little reflection would have enabled counsel to come up with an adequate answer to the Court's question."

Surely counsel for Lakeland cannot contend now that the charge that Lakeland deliberately appropriated the tradename Food Fair took them completely by surprise in oral argument, for the trial judge in his opinion made a finding of fact that Lakeland had knowledge of Food Fair's prior use of the name (Petitioner's Brief, App. B, pp. 18, 19), and Food Fair devoted four pages in its brief in the Fourth Circuit to that very issue. That counsel might have come up with a better answer to a question put to him in court after he left the courtroom and reflected on the matter has not been, is not now, and never will be sufficient reason for granting a writ of certiorari.

Counsel for Lakeland have not suggested a single reason

why a writ of certiorari should be granted. The decision below is plainly right, and the petition for writ of certiorari should be denied.

B.

The Opinion of the Court Below Is Not in Violation of Rule 52(a), Federal Rules of Civil Procedure

Rule 52(a) of the Federal Rules of Civil Procedure, when adopted, was intended to incorporate the long established equity review for non-jury actions. In equity actions, it has long been the rule that findings of fact were reviewable as to the sufficiency of the evidence and the weight of the supporting evidence. *Keller* v. *Potomac Electric Company*, 261 U. S. 428 (1923). When a trial court sits without a jury its findings are not conclusive and the appellate court may determine that these findings are "clearly erroneous," even though there is evidence to support them if "the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." *United States* v. *United States Gypsum Co.*, 333 U. S. 364, 395 (1948).

In *Cleo Syrup Corp.* v. *Coca-Cola Co.*, 139 F. 2d 416 (8th Cir. 1943), *cert. den.* 321 U. S. 781 (1944), the court said that an appellate court may not set aside a finding of fact unless there is no substantial evidence to maintain it, unless it is against the clear weight of evidence or unless it was induced by an erroneous view of the law.

Counsel for Lakeland argue that the court below made new and original findings of fact without determining that the trial judge's conclusions were clearly erroneous. Lakeland contends this violates Rule 52(a). A careful reading of the decision of the court below, however, indicates that court accepted the findings of fact as determined by the

trial judge and that, based upon the same factual findings, concluded that the trial judge had applied improper and erroneous legal principles. In discussing the evidence produced by Food Fair during the trial concerning the fact that the name "Food Fair" had established a secondary meaning, the court below found that "We are in accord with this finding, insofar as it sets out the testimony in the case, but we do not agree with the ultimate conclusion that the plaintiff had failed to establish the existence of a secondary meaning of its name in the competitive area." (App. A, page 9). As to the issue of secondary meaning, it is clear that the court below accepted the factual findings made by the trial judge, and did not make any new findings, but in applying the common law of Virginia pertaining to this legal issue, it decided that issue in favor of Food Fair.

One of the contested issues at the trial and in the court below was whether the particular competitive area, the Norfolk-Portsmouth area, was within the zone into which Food Fair would probably expand. As to this issue, the court below found that the trial court "was wrong in concluding from the evidence that the Norfolk-Portsmouth area was beyond the reach of the probable expansion of the plaintiff's business," (Petitioner's Brief, App. A, p. 10). The trial court had determined that this area was too remote. In disagreeing with this conclusion, the court below held "this conclusion appears to us to be erroneous." (Petitioner's Brief, App. A, p. 11).

Lakeland contends that the entire opinion of the court below is tainted with error, because the court in the course of its opinion stated (301 F. 2d 156, at p. 163):

> ". . . It was shown that the plaintiff's business and trade name were known to a substantial number of persons in the Norfolk-Portsmouth area and that the

> probability of an expansion of the plaintiff's business into the area existed *and that the defendant deliberately and knowingly appropriated the plaintiff's name for its own business and actually imitated the character and style of the signs by which the plaintiff's business was made known to the public . . .*" (Italics supplied).

Lakeland complains that the italicized portion of the court's statement amounts to a finding of fact which was not made by the trial court and is not justified by the evidence. Lakeland further contends that such finding of fact was decisive in the court below. But when the statement was made the court below had already held (1) that when Lakeland first began using the tradename Food Fair, the Norfolk-Portsmouth area was within the probable area of expansion of Food Fair, and (2) that the tradename Food Fair had already acquired a secondary meaning in the Norfolk-Portsmouth area. Either holding was sufficient to support the decision below. The knowledge and obvious intent merely aggravated the offense.

Actually the statement of the court below as to prior knowledge is not at variance with the finding of fact of the trial court, for Judge Hoffman said (Petitioner's Brief, App. B, pp. 18, 19):

> ". . . Indeed, Lakeland's president, Harold Eisenberg, testified that he was well aware of the name FOOD FAIR and plaintiff's chain of supermarkets at the time Lakeland opened its FOOD FAIR store on May 14, 1953, although he insists that the name FAIR was suggested by the name FURNITURE FAIR adopted by a store a short distance away from Lakeland's supermarket."

Thus the fact that Lakeland's president knew of Food Fair's prior use of the tradename Food Fair is established

by the testimony and the finding of the trial court. The conclusion to be drawn from that fact is a matter of law as to which the Fourth Circuit was not bound by the trial court. 5 *Moore's Federal Practice* ¶ 52.03[2] and cases there cited.

Whether Lakeland adopted Food Fair's tradename Food Fair deliberately, as the court below concluded, or merely with admitted knowledge of prior use of it by Food Fair, the result is the same. The effect of the knowing use of another's tradename was summed up in *Pike* v. *Ruby Foo's Den*, 232 F. 2d 683, 686 (D. C. Cir. 1956):

> "The Federal cases are virtually unanimous against a knowing junior user [citations omitted]. Although most of the cases involve at least minor contacts by the senior user within the locale in which the junior user is doing business, so that knowing junior use is not the sole factor present, at least one commentator has concluded that 'the presence of notice is the determinative factor, usually sufficient in itself to bar the second user's claim.' "

Since Lakeland was a knowing junior user at the very least, the court below correctly enjoined Lakeland from further use of the name.

C.

Food Fair Is Not Guilty of Laches

Lakeland contends that Food Fair is not entitled to the relief granted by the court below because it has been guilty of laches. But Food Fair has not been guilty of laches; and even if it had been guilty of laches, its laches would bar only an accounting and would in no way affect Food Fair's right to an injunction, for the reason that laches looks to the past

while Lakeland is guilty of a daily recurring illegal use of the name Food Fair.

Lakeland opened its store May 14, 1953. Food Fair protested Lakeland's use of the tradename Food Fair on June 1, 1953. Thereafter there were various negotiations between the parties which almost terminated in settlement. Food Fair nevertheless continued periodically to protest Lakeland's use of the tradename Food Fair until suit was instituted on January 13, 1958. Food Fair is not guilty of laches under the foregoing facts.

Counsel for Lakeland cite only one case in which laches was held to be a defense in an infringement suit, *Anheuser-Busch* v. *DuBois Brewing Co.*, 175 F. 2d 370 (3d Cir. 1949). That case is readily distinguishable from the case at bar. There, Anheuser-Busch instituted a proceeding in 1908 against DuBois to restrain DuBois from using Anheuser-Busch's tradename Budweiser on DuBois beer. The following year Anheuser-Busch voluntarily dismissed the action and took no further action against DuBois after the voluntary dismissal until 1940, although DuBois continued to use the tradename Budweiser. The court held that this great passage of time, 31 years, plus the voluntary dismissal of the 1908 action, and the fact that Anheuser-Busch actively sought to enjoin others from using its tradename Budweiser during the same period estopped assertion by Anheuser-Busch of an exclusive right to use the tradename Budweiser so far as DuBois was concerned.

There are no such facts here. Food Fair protested immediately, and after negotiations between the parties broke down, instituted suit. Under such circumstances laches is no defense, for as this Court said in *Hanover Milling Co.* v. *Metcalf*, 240 U. S. 403 (1916), at p. 419:

> ". . . . As to laches and acquiescence, it has been repeatedly held, in cases where defendants acted fraudulently or with knowledge of plaintiff's rights, that relief by injunction would be accorded although an accounting of profits should be denied [citations omitted]. So much must be regarded as settled."

If it was settled in 1916 that laches was no defense to a tradename infringement, it is even more clearly settled today. *Stork Restauraut, Inc.* v. *Sahati*, 166 F. 2d 348 (9th Cir. 1948) and *Sears, Roebuck & Co.* v. *Allstates Trailer Rental, Inc.*, 188 F. Supp. 959 (D. Md. 1961), among many others, affirm the ruling that laches does not bar the prior appropriator of a tradename from enjoining future infringements of the tradename, even though laches may bar an accounting for prior profits. The court below quite properly did not consider that the defense of laches applied here.

D.

The Decision of the Court Below is Plainly Right Under the Well Established Law of Unfair Competition

There is no dispute that Food Fair began using the tradename Food Fair in 1935 in Baltimore, Maryland, 18 years before Lakeland began to use the same name in Norfolk, at the other end of Chesapeake Bay. Lakeland knew of prior use of the name by Food Fair, and it was stipulated at the trial that actual confusion resulted between the parties' competing stores from use of the same name by both parties. In these circumstances priority of appropriation of the tradename Food Fair by Food Fair entitles it to exclusive use of that tradename in the Norfolk-Portsmouth area, in accordance with the principles laid down in *Hanover Milling*

Co. v. *Metcalf*, 240 U. S. 403 (1916) and *United Drug Co.* v. *Rectanus Co.*, 248 U. S. 90 (1918). Those cases still set forth this Court's definitive statements on tradename protection.

In the *Rectanus* case this Court said (p. 100):

> "Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question."

Both the *Hanover Milling* and *Rectanus* cases go on to say that priority of appropriation is not determinative if the marks are used in areas wholly remote from one another, unless the junior appropriator selected the mark with some design inimical to the interests of the prior appropriator. But in the case at bar the areas of usage were not at all remote from one another. Furthermore, as the trial court found, Lakeland was well aware of prior appropriation of the tradename Food Fair by Food Fair, and the court below was justified in its conclusion that Lakeland's usurpation of the name was with a design inimical to the interests of Food Fair Stores. Under such circumstances priority of appropriation is conclusive when the first user comes into direct competition with a junior appropriator of the name.

In addition, the courts have increasingly given protection to the prior appropriator of a name which has acquired a secondary meaning within an area, even where the prior appropriator has no present place of business in the area. For example, in *Brooks Brothers, Inc.* v. *Brooks Clothing of California*, 60 F. Supp. 442 (S. D. Calif. 1945), *aff. per curiam* 158 F. 2d 798 (9th Cir. 1947) a New York clothing firm with no place of business in California was granted an injunction against a California firm using the name Brooks

in its clothing business. In *Radio Shack Corporation* v. *Radio Shack*, 180 F. 2d 200 (7th Cir. 1950), a Massachusetts corporation with no place of business in Illinois was granted an injunction against an Illinois firm using its tradename there. In each instance, once it was established that the tradename had acquired secondary meaning, its protection followed as a matter of course, regardless of the prior appropriator's plans to enter the area.

In the case at bar the trial court found that Food Fair's tradename Food Fair had indeed acquired a secondary meaning in the Norfolk-Portsmouth area in 1953 among various people doing business with it and others. The court held, however, that Food Fair had failed to show its tradename had acquired a secondary meaning among potential customers, i.e., retail purchasers, and accordingly denied Food Fair relief. The court below corrected the ruling and pointed out that all those who testified that the tradename Food Fair had a secondary meaning were potential purchasers from a retail grocery supermarket, no matter what their occupation, and that this entitled Food Fair to protection of its tradename.

The court below concluded from the findings of fact in the trial court (1) on May 14, 1953, the Norfolk-Portsmouth area was within Food Fair Stores' area of probable expansion; (2) the tradename Food Fair had acquired a secondary meaning in the Norfolk-Portsmouth area in 1953 before Lakeland began use of the name in that area; and (3) Lakeland deliberately and knowingly appropriated the tradename of Food Fair for its own business. Any one of the three conclusions would sustain the ruling of the court below granting an injunction to Food Fair.

VII.

CONCLUSION

The decision of the court is plainly right, and the petition for writ of certiorari should be denied.

Respectfully submitted,

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July 13, 1962.